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AZ CORP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

RAYMOND R. PUGEL AND JULIE B.
PUGEL, husband and wife as trustees of THE
RAYMOND R. PUGEL and JULIE B. PUGEL
FAMILY TRUST,

and
ROBERT RANDALL and SALLY RANDALL,
husband and wife

Complainants,

v.

PINE WATER COMPANY, an Arizona
Corporation

Respondent..

DOCKET NO. W-03512A-06-0407

Rejoinder Testimony of Ray Pugel

W-03512A-07-0019

ASSET TRUST MANAGEMENT, CORP.

Complainants,

v.

PINE WATER COMPANY, an Arizona
Corporation

Respondent.

DOCKET NO. W-03512A-06 -0613

JAMES HILL and SIOUX HILL, husband and
wife and as trustees of THE HILL FAMILY
TRUST,

Complainants,

v.

PINE WATER COMPANY, an Arizona
Corporation

Respondent.

03512
DOCKET NO. W-20511A-07-0100

1 Once again, state your name: **Ray Pugel**

2
3 Did you read the Surrebuttal Testimony filed by Pine Water Company and the Testimony filed by the
4 Arizona Corporation Commission Staff? **YES**

5
6 Before addressing specific issues do you have any general comments regarding the Pine Water Company
7 Surrebuttal Testimony?

8 **Pine Water Company has raised a number of new issues in its attempt to obfuscate the fact that it**
9 **cannot provide adequate water service to the Complainants. They have brought in testimony**
10 **regarding Mr. Peterson and Mr. Fumusa. In the five day turn around time from the receipt of the**
11 **testimony until the filing, it is not possible to obtain surrebuttal testimony from Mr. Peterson and**
12 **Mr. Fumusa, so they will be called as witnesses. Copies of any exhibits about which they intend to**
13 **testify will be disclosed upon receipt of the same.**

14 **Pine Water Company has chosen in its Surrebuttal Testimony to take the focus of this matter off**
15 **the fact that they are unable to provide adequate water service to the Complainants' property and**
16 **have chosen to write, almost from a victim perspective, their story of how they have tried and**
17 **failed to provide adequate water service in the community. The Commission should not be**
18 **swayed by this approach and instead should look at the simple facts. We need water, they can't**
19 **deliver it. They have not been able to provide adequate water service for over 11 years and have**
20 **held our community hostage. We have water, and we should be allowed to serve ourselves. We**
21 **should not be forced to join an inferior system, which provides inferior service to its customers.**
22 **We should not be forced by the government to give up what our risk capital provided so that a**
23 **water company may profit it from it when in 11 years they have failed to live up to the**
24 **responsibilities dictated by their CC&N. I do not believe that the intent or the spirit of granting a**
25 **CC&N is to protect the monopoly of a provider who has deficient service and has failed to**
26 **improve it in 11 years. You cannot find water if you do not look for it.**

27
28 Before addressing specific issues do you have any general comments regarding the Staff Testimony?

1 **The staff is recommending a system of expanding the water system which has not worked before**
2 **in Pine and has led to the continued water problems which plague the community.**

3
4 Have you attempted to work with Pine Water Company?

5 **We requested service from them and were turned down. We sought other ways of providing**
6 **water service.**

7
8 Are you seeking any "special treatment"?

9 **No, we just want water service to our property so that it can be occupied, used and provide the**
10 **consumer the best possible product and service.**

11 To your knowledge, is the process of the Corporation Commission the only one available to provide
12 domestic water service to your property?

13 **No, it is not. There are other available alternatives.**

14 Previously you indicated that Hauling Water is not providing adequate water service. Can you elaborate
15 on the source of that statement?

16 **Steve Olea of the ACC Staff made that statement. The question is whether or not it is reasonable**
17 **to haul water "forever" and not find a permanent solution.**

18 Have you had the opportunity to look at a Pine Water Company water main or distribution map? If so, is
19 Mr. Hardcastle's testimony found on pages 6 and 7 in accordance with that map?

20 **No, the Pine Water Company map shows that there is a four inch line to the property corner**
21 **which becomes a six inch line just past Hardscrabble Road.**

22 When you decided to drill a well in Pine, was it for the purpose of providing water for Pine Water
23 Company?

24 **No, our initial purpose was to show, contrary to Mr. Hardcastle's continued assertions, that there**
25 **was water underground in Pine, Arizona. Once we had a successful well, we determined that it**
26 **could be used to provide water for the use on our property, however, we were impeded by Pine**
27 **Water Company's CC&N from doing so.**

1 In his testimony on page 11 lines 13 through 17 Mr. Hardcastle points out that the only thing you have
2 done to share water with the Community is to tell the Fire Department that it was available in case of an
3 emergency. Is there anything else that you can do?

4 **Because of the existence of Pine Water Company's CC&N we cannot sell water or otherwise**
5 **provide it in the community, so Mr. Hardcastle's criticism is poorly addressed. Mr. Hardcastle**
6 **has the ability to acquire the water from us and to provide it to the community and he has refused**
7 **to do that.**

8 On page 20 lines 14-15 Mr. Hardcastle indicates that "there are a number of possibilities, none of which
9 can be explored without his willingness to start the process." Do you believe that Pine Water Company
10 is interested in exploring possibilities with you?

11 **Based upon their prior conduct and demeanor, it appears that Pine Water Company is only**
12 **willing to explore possibilities with me if I am willing to do it their way. They speak of Advances**
13 **in Aid of Construction, but without specifics as to the term and the return and as to whether or**
14 **not I would be 100% compensated for what is given to them.**

15 **Regarding Water Supply, they are willing to compensate me for the water lines which may**
16 **be installed by virtue of an Aid in Advance of Construction, and for a portion of the well which**
17 **would serve the development of my property. They also speak of possibly buying the well to**
18 **provide for other customers of Pine Water Company, but they only want to purchase the**
19 **infrastructure; they make no provision for purchasing the water which also has value. It seems**
20 **odd that they can purchase the infrastructure and use it to pump out the water which they sell to**
21 **others and the people who developed the well get no benefit out of that water sale. While it is used**
22 **as a measure to determine the amount of infrastructure payment, no compensation is being**
23 **offered by Pine Water Company or recommended by Staff for the water which would be extracted**
24 **from the well.**

25 **The State Constitution provides that private property shall not be taken for public use**
26 **without compensation being paid to the owner of that private property. The machinations of Mr.**
27 **Hardcastle, which sadly are being supported by the Staff, will create a situation where the private**
28 **property, the well and infrastructure, could be partially taken if the payback on the line extension**
29

1 agreement is insufficient to cover the value of that property, and the right to the water would be
2 totally taken without compensation to the Complainants.

3 Do you have anything that you would like to add to this testimony?

4 Only that this is a very frustrating process. Pine Water Company cannot provide adequate
5 service. We have water, a well and can provide service, but they are not willing to purchase the
6 water, rather just the infrastructure and take as much water as they want. Water has value. If
7 Pine Water Company wants our water so they can sell it to someone else, whether it be a customer
8 who is within the community or on our property, they should pay for the water, or find another
9 source of water to use. The citizens of Pine, along with ourselves the Complainants have put up
10 with many years of poor and inadequate service. There is a solution at hand, however since it is
11 not Pine Water Company's solution it is not considered a viable one.

12 Does that conclude your testimony? YES

1 Original and 17 copies mailed/delivered
2 This 14th day of May, 2007 to:

3 Arizona Corporation Commission
4 Attn: Docket Control
5 1200 W. Washington
6 Phoenix, AZ 85007

7 Copies of the foregoing mailed/delivered
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